

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2019-387-A**

**IN RE:** )  
 )  
**Rulemaking Proceeding for the Purpose** )  
**of Promulgating a Regulation to Help** )  
**Prevent the Potential for Misleading** )  
**Advertisements by Prohibiting the Sale of** )  
**Customer Data by Regulated Utilities** )  
**Absent a Customer’s Direct Consent (See** )  
**Commission Order No. 2019-877)** )

**DIRECT TESTIMONY  
OF PHILIP J. DRENNAN  
ON BEHALF OF  
BLUE GRANITE WATER COMPANY**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A: My name is Philip J. Drennan and my business address is 500 West Monroe Street, Suite 3600, Chicago, Illinois 60661-3779.

**Q: WHERE ARE YOU EMPLOYEED AND IN WHAT CAPACITY?**

A: I am Regional Director of Financial Planning and Analysis for Corix Regulated Utilities (US), Inc.’s East Region, which includes Blue Granite Water Company (“Blue Granite”) in South Carolina.

**Q: WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

A: I have been employed by Corix Group of Companies since June 2016. I graduated from the University of Illinois with a Bachelor of Science in Finance, and I also hold the Chartered Financial Analyst (CFA) designation. Prior to joining Blue Granite and Corix Group of Companies, I was employed by various financial services firms performing equity research, financial modeling, valuation, and capital management duties. In my current role,

1 I support regulatory activities in South Carolina, North Carolina, and Florida. I am  
2 responsible for the oversight of data-gathering and preparation of rate cases, filing  
3 applications for rate cases, and providing testimony and data request responses for support  
4 of rate case filings. My other responsibilities include forecasting, budgeting, and financial  
5 analysis for the Company.

6 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A: The purpose of my testimony is to communicate that Blue Granite's corporate guidelines  
8 for protecting, disclosing, and sharing customer information with third parties comply with  
9 Regulation 103-823.2 which protects customer data.

10 **Q: IS BLUE GRANITE ACTING IN COMPLIANCE OF REGULATION 103-823.2**  
11 **PROTECTION OF CUSTOMER DATA, SPECIFICALLY IN REGARD TO**  
12 **CUSTOMER NOTICE AND AWARENESS?**

13 A: Yes, should a public utility be required to share, disclose, or otherwise make accessible to  
14 any third party a customer's data as provided in subsection (F) or upon consent of the  
15 customer, the utility should adhere to the follow guideline: "before requesting a customer's  
16 consent for disclosure of customer data, a public utility shall be required to make a full  
17 discloser to the customer of the nature and scope of the data proposed to be disclosed, the  
18 identity of the proposed recipient and the intended use of the data by the proposed  
19 recipient." Blue Granite established guidelines to comply with this standard as follows:

20 In advance of or in the process of requesting customer data, Blue Granite will  
21 provide sufficient disclosure to the customer of the (1) intended use of the data collected,  
22 (2) access or control available to the customer for the data collected, and (3) steps taken by

1 Blue Granite to protect the data. Such disclosure may take the form of a notice/flyer/insert  
2 with the customer's bill, notification on a website or app, communication by email or  
3 phone, or other similar method. Disclosures may also include any terms and conditions for  
4 use of Blue Granite applications.

5 Blue Granite will provide general notice to customers no less than annually of the  
6 following:

- 7 1. The methods used to inform customers that provided personal data will be  
8 protected and not shared with third parties without consent or only under  
9 limited circumstances;
- 10 2. The limited circumstances in which Blue Granite would provide customer  
11 data to third parties;
- 12 3. The ways in which customers may access, monitor, or modify their data;
- 13 4. The appropriate contact methods for questions or needed corrections  
14 regarding customer data; and
- 15 5. The security and control procedures in place to protect customer data.

16 Notice to customers of the above information may occur via email, electronic notification  
17 via Company applications, or flyer/notice/bill insert. The above general notice information  
18 will also be permanently posted to Blue Granite's website. Any updates to the Guidelines  
19 or other policies regarding customer data will be communicated timely to customers.

20 **Q: IS BLUE GRANITE ACTING IN COMPLIANCE OF REGULATION 103-823.2,**  
21 **SPECIFICALLY IN REGARD TO CUSTOMER CHOICE AND CONSENT, AND**  
22 **CUSTOMER DATA ACCESS?**

1 A. Yes, Blue Granite has established processes that allow the customer to control access to  
2 customer data including processes for customers to monitor, correct or limit the use of  
3 customer data. Blue Granite has also established procedures for use of customer data,  
4 purpose of collection, limitations of the use of customer data and processes for customer  
5 non-standard requests. Blue Granite's guidelines for customer access, choice and consent  
6 are as follows:

7 **Customer Access, Choice, and Consent**

8 Consent to the collection, use, and disclosure of personal data may be given in  
9 various ways and may be express or implied. Generally, by providing Blue Granite with  
10 personal data, Blue Granite will assume that an individual consents to the collection, use,  
11 and disclosure of personal data in connection with the delivery of water and sewer service  
12 and as required by law, subject to any limitations or terms of Blue Granite or applicable  
13 rules and regulations. Subject to legal or contractual requirements and reasonable notice, a  
14 customer may withdraw consent at any time by contacting Blue Granite as outlined below.  
15 Blue Granite will process and implement such requests within a reasonable amount of time.  
16 However, such requests may limit Blue Granite's ability to provide a customer with the  
17 optimal level of service or any service. A customer may not, for instance, withdraw the  
18 customer's consent to the collection of meter data that Blue Granite requires to provide  
19 bills for the services it delivers. Blue Granite will advise the customer of potential service  
20 limitations due to lack of consent and of any alternative options that may be available.

21 Blue Granite will retain a record of any limitation or withdrawal of consent within  
22 its customer records software.

1 Blue Granite does not provide customer data to third parties for any reasons other  
2 than those described below. Blue Granite may collect, use, or disclose customer data  
3 without customer knowledge or consent in limited circumstances, including, without  
4 limitation:

- 5 • When such collection, use, or disclosure is permitted or required by law;
- 6 • When use of information is for acting in an emergency that threatens an  
7 individual's life, health, or personal security, or to prevent damage to Blue  
8 Granite's or customer's property;
- 9 • When certain information is publicly available;
- 10 • When pursuing customer payment for services rendered or authorized  
11 customer deposit activity;
- 12 • When needing to address an anticipated breach of law; and
- 13 • When responding to service interruption, customer complaint, or service  
14 quality issues.

15 Blue Granite will honor a customer's reasonable request to review and update their  
16 customer data. There may be a nominal processing fee for such requests, and the customer  
17 will be notified if a fee will be required before processing such a request. Blue Granite will  
18 take reasonable steps to process these requests in a timely manner.

19 In certain situations, Blue Granite may not be able to provide access to any or all  
20 of a customer's personal data. In such cases, Blue Granite will explain in writing the  
21 reasons it will not provide the requested information and identify resources for redress  
22 available to the customer.

1           If a customer identifies that certain personal data is not accurate, the customer must  
2 promptly update such information to the extent access is available to do so. If direct  
3 customer access to modify personal data is not available, the customer must contact Blue  
4 Granite promptly to have the data corrected. Contact can take the form of an email or phone  
5 call to the Company's customer service department. General correspondence must not be  
6 used (such as Help or Contact Us features in Company applications or websites), as such  
7 methods are less secure and may not supply the needed correction to the proper Company  
8 personnel or department. Should personal data corrections necessitate providing an update  
9 to a third party under the circumstances noted above, Blue Granite will promptly provide  
10 such update.

#### 11       **Customer Data Use**

12           Blue Granite collects and uses customer data for purposes reasonably required for  
13 it to carry on business. The types of customer data collected by Blue Granite and the  
14 purposes for which it is used include the following:

- 15           •       *To establish/maintain a business relationship.*

16           Blue Granite will collect personal data such as name, address, telephone number,  
17 and email address from its customers and other individuals with whom Blue Granite carries  
18 on business to confirm identity and facilitate contact. Blue Granite may also collect credit  
19 card, bank, and credit information for customers to set up accounts and facilitate billing,  
20 credit, collections, and customer service activities.

- 21           •       *To develop and improve products and services.*

1 Blue Granite may collect customer data in connection with the products and  
2 services purchased or used by its customers to enhance them or to offer service  
3 recommendations or information on relevant products and services to those customers.

- 4 • *To understand customer needs and preferences.*

5 Blue Granite may obtain customer data on customers' needs and preferences for the  
6 purpose of providing personalized service. For example, if a customer wishes to pay bills  
7 electronically or be notified of upcoming rebate offers by email, the Company may ask for  
8 information to identify the customer's online identity (e.g., email address).

- 9 • *To assist an agent acting on a customer's behalf.*

10 Blue Granite may disclose information to an individual's agent (such as, for  
11 example, the individual's legal counsel or a government or non-profit agency suppling  
12 customer assistance services) if Blue Granite is satisfied that the agent is authorized to seek  
13 the information of the individual.

- 14 • *For quality assurance purposes.*

15 Blue Granite may record telephone discussions with its customer service  
16 representatives for quality assurance, security, investigations, and training purposes. Blue  
17 Granite may also engage a third party to perform customer surveys.

- 18 • *To manage Blue Granite's business and operations.*

19 Blue Granite may obtain and share customer data with their affiliates, third-party  
20 agents, consultants, or service providers to facilitate operations and provision of service to  
21 the customer. Blue Granite collects and analyzes information on customer usage of its  
22 products and services to better understand future customer requirements and assist in

1 forecasting and planning activities. This data may also be used to assist Blue Granite in  
2 planning future system improvements and rate changes. Blue Granite may also collect and  
3 use personal data provided to Blue Granite to respond to requests, inquiries, comments and  
4 concerns and maintain records of correspondence, or as permitted or required by law or  
5 otherwise with customer consent.

- 6 • *Investigate Complaints.*

7 Blue Granite may collect and use personal data to investigate complaints and to  
8 respond to privacy breaches.

- 9 • *Legal Proceedings.*

10 Blue Granite may collect and use personal data to bring or defend against legal  
11 proceedings.

- 12 • *Video.*

13 Blue Granite may collect and use video surveillance in and around its offices,  
14 facilities, and other locations for the safety of its customers, employees, and third parties  
15 and to protect against theft, property damage, and fraud.

- 16 • *Applying for a position.*

17 Blue Granite may collect and use personal information if a customer applies for  
18 employment, including from the customer directly, as well as from the customer's prior  
19 employers and personal references.

- 20 • *To facilitate the development and delivery of additional services.*

21 Blue Granite may use aggregated and anonymized customer data for the purposes  
22 of developing and delivering other services to customers. In addition, Blue Granite may



1 aggregate, anonymize, and transfer customer data to a third party to facilitate the delivery  
2 of unrelated (i.e., non-utility) services by the third party.

- 3 • *In specific situations.*

4 Blue Granite may acquire new businesses or sell or assign, merge, amalgamate, or  
5 transfer all or parts of its businesses. Since customer data associated with any accounts,  
6 products, or services of the business being purchased, sold, assigned, merged,  
7 amalgamated, or transferred will typically be included in such transactions, Blue Granite  
8 may disclose such information to such other entities as part of the transaction or pre-  
9 transaction review under a non-disclosure agreement.

10 **Q: IS BLUE GRANITE ACTING IN COMPLIANCE OF REGULATION 103-823.2,**  
11 **SPECIFICALLY IN REGARD TO DATA QUALITY AND SECURITY**  
12 **PROCEDURES AND MEASURES?**

13 **A:** Yes, Blue Granite has set the following guidelines and procedures for security and methods  
14 to aggregate or anonymize data:

15 The Company shall take appropriate and reasonable steps to store customer data in  
16 such a manner as to limit access to those persons permitted to receive it and shall require  
17 all persons with access to such information to protect its confidentiality. Employees with  
18 access to customer data are prohibited from making any improper indirect use of the data,  
19 including directing or encouraging any actions based on the customer data by employees  
20 who do not have access to such information.

21 The Company shall not provide customer data to a third party for a commercial or  
22 for-profit purpose. Only aggregate data, which shall not include personal data as defined

1 in these Guidelines, shall be provided for such purposes. The Company shall aggregate  
2 data using its own employees or designated contractors and shall not provide customer data  
3 to a third party for aggregation. The Company will thoroughly review aggregated data to  
4 ensure it is devoid of unique personal information before sharing with a third party for any  
5 purpose except those limited circumstances outlined in these Guidelines or permitted by  
6 law.

7 The Company shall maintain an enterprise cybersecurity program that includes in  
8 its structure, but is not limited to, the following functions or features: internal control and  
9 audit, employee training, data encryption, monitoring, backup and recovery, incident  
10 response, and continuous improvement.

11 In order to improve its websites and applications on an ongoing basis, the Company  
12 may use cookies and similar technologies to track the visit and activities of users. The  
13 Company may also use cookies to remember users' choices when they are accessing the  
14 Company subsites for efficient return visits. A cookie is a small piece of data that is  
15 transferred to a user's computer (or other device used to access the internet) through a web  
16 browser and can be read by the websites that placed it. The Company cookies do not store  
17 personal data. Users can set their browsers to notify of cookies or disable cookies, but  
18 please note that some functions of these websites may not be available if cookies are  
19 disabled.

20 The Company may use Google Analytics or certain other third-party analytics  
21 services. The providers of these services may independently collect, use, and disclose user  
22 IP addresses together with information about user visits to these and other websites that

1 they service in accordance with their own privacy policies. These services may use their  
2 own cookies and other data collection technologies. They may use this information in order  
3 to improve user experience, to gain a view of how people are using websites that they  
4 service so that improvements can be made, and as otherwise permitted in their privacy  
5 policies.

6 **Q: IS BLUE GRANITE ACTING IN COMPLIANCE OF REGULATION 103-823.2,**  
7 **SPECIFICALLY IN REGARD TO PUBLIC UTILITY ACCOUNTABILITY AND**  
8 **AUDITING?**

9 A: Yes, Blue Granite has established the following guidelines for reporting of unauthorized  
10 disclosures, training protocol for employees, periodic evaluations, self-enforcement  
11 procedures, and penalties:

12 Customer data will be retained by Blue Granite in accordance with applicable laws  
13 and business requirements. Blue Granite will take reasonable steps to destroy or  
14 permanently de-identify customer data it holds if it is no longer needed for Blue Granite's  
15 business purposes or any applicable regulatory or legal requirements. Upon termination of  
16 employment, employees will return all Company equipment, documents, and  
17 correspondence in their possession that contain customer data.

18 Any employee who is found to have shared customer data in a manner inconsistent  
19 with these Guidelines is subject to discipline, including possible termination of the  
20 Company's employment relationship. An evaluation report will be prepared to assess (1)  
21 the cause of the unauthorized disclosure, (2) the extent of the employee's knowledge of the  
22 policies and Guidelines in place to protect customer data, and (3) the extent of customer

1 data disclosure that occurred to estimate any risks or vulnerabilities. Blue Granite also will  
2 promptly communicate to their regulator the nature of the unauthorized disclosure and  
3 subsequent mitigation efforts, as well as notify the affected customers in writing.  
4 Depending on the nature of the disclosure, multiple status updates on the process of  
5 assessing and addressing the disclosure may be made to the regulator and customers.

6 All employees will participate in training programs related to data protection, such  
7 as cybersecurity and ethics programs, on at least an annual basis.

8 **Q: IS BLUE GRANITE ACTING IN COMPLIANCE OF REGULATION 103-823.2,**  
9 **SPECIFICALLY IN REGARD TO FREQUENCY OF NOTICE TO CUSTOMERS?**

10 A: Yes, Blue Granite has established the following practices and procedures to provide initial  
11 and annual notification of its private policy to customers:

12 Blue Granite will provide general notice to customers no less than annually of the  
13 following:

- 14 1. The methods used to inform customers that provided personal data will be  
15 protected and not shared with third parties without consent or only under  
16 limited circumstances.
- 17 2. The limited circumstances in which Blue Granite would provide customer  
18 data to third parties.
- 19 3. The ways in which customers may access, monitor, or modify their data.
- 20 4. The appropriate contact methods for questions or needed corrections  
21 regarding customer data.
- 22 5. The security and control procedures in place to protect customer data.

1 Notice to customers of the above information may occur via email, electronic  
2 notification via Company applications, or flyer/notice/bill insert. The above general notice  
3 information will also be permanently posted to Blue Granite's website. Any updates to the  
4 Guidelines or other policies regarding customer data will be communicated timely to  
5 customers.

6 **Q: IS BLUE GRANITE ACTING IN COMPLIANCE OF REGULATION 103-823.2,**  
7 **SPECIFICALLY IN REGARD TO DUE DILIGENCE EXERCISED BY THE**  
8 **UTILITY WHEN SHARING CUSTOMER DATA WITH THIRD PARTIES?**

9 **A:** Yes, Blue Granite has established the following controls for sharing customer data:

10 The Company will include language in all third-party agreements that contemplates  
11 the sharing of customer data, including limitations on the third party's use of the data and  
12 standards with which the third party must comply regarding the storage and protection of  
13 such data. The Company will require that the third party either return or destroy customer  
14 data consistent with commercially reasonable terms commonly found in non-disclosure  
15 and confidentiality agreements.

16 **Q: DOES THIS CONCLUDE YOUR TESTIMONY REGARDING BLUE GRANITE'S**  
17 **COMPLIANCE WITH REGULATION 103-823.2 PROTECTION OF CUSTOMER**  
18 **DATA?**

19 **A:** Yes.